

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$60,000	(\$2,551,950)		(\$3,827,930)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$60,000	(\$2,551,950)		(\$3,827,930)

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 723 amends the Nebraska Liquor Control Act to decrease excise tax rates for beer, wine, and spirits. The bill changes tax rates for alcoholic liquor, beginning October 1, 2019, as follows:

- Decreases the tax rate for beer from \$0.31 per gallon to \$0.25 per gallon;
- Decreases the tax rate for wine from \$0.95 per gallon to \$0.90 per gallon, except the tax rate for wine from farm wineries decreases from \$0.06 per gallon to \$0.05 per gallon; and
- Decreases the tax rate for alcohol and spirits from \$3.75 per gallon to \$3.50 per gallon.

Revenue:

The Nebraska Liquor Control Commission estimates a reduction in revenue to the General Fund of \$3,827,930 each fiscal year. Due to the operative date of October 1, 2019, the Legislative Fiscal Office estimates the reduction in revenue in FY 19-20 to be \$2,551,950.

Expenditures:

NLCC estimates a one-time charge of \$60,000 to revise the online reporting systems to implement the bill.

There is no basis to disagree with this estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 723	AM:	AGENCY/POLT. SUB: Nebraska Liquor Control Commission (035)
REVIEWED BY: Joe Wilcox	DATE: 01/31/2019	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the Nebraska Liquor Control Commission estimate of potential Fiscal Impact, including potential General Fund Revenue Loss to the Agency from LB 723.		

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2019

LB⁽¹⁾ 723

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Liquor Control Commission

Prepared by: ⁽³⁾ LeAnna Prange Date Prepared: ⁽⁴⁾ 1/31/19 Phone: ⁽⁵⁾ 402-471-4892

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>60,000</u>	<u>-3,827,930</u>	<u>0</u>	<u>-3,827,930</u>
CASH FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FEDERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FUNDS	<u>60,000</u>	<u>-3,827,930</u>	<u>0</u>	<u>-3,827,930</u>

Explanation of Estimate:

NLCC is proposing \$60,000 expenditure to amend all online reporting systems to the proposed excise tax rates. This is an estimate only.

The total gallons used in calculation is the total gallons reported for excise tax in 2018. Therefore, these are the gallons used in calculating the decrease.

The Revenue decrease is outlined in this table:

Based on 2018 reported gallons to NLCC					
	Beer	Spirits	Wine	Farm Wine	Total Revenue
Gallons	44,803,876	3,876,088	3,394,878	93,138	
Current rate	\$0.31	\$3.75	\$0.95	\$0.06	
Current Revenue	\$13,889,201.56	\$14,535,330.00	\$3,225,134.10	\$5,588.28	\$31,655,253.94
Proposed rate	\$0.25	\$3.50	\$0.90	\$0.05	
Difference of rate	-\$0.06	-\$0.25	-\$0.05	-\$0.01	
Decrease of Revenue	-\$2,688,232.56	-\$969,022.00	-\$169,743.90	-\$931.38	-\$3,827,929.84
TOTAL REVENUE if LB 723 passes (assuming consumption remains identical to 2018)					\$27,827,324.10

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....			0	0
Operating.....			60,000	0
Travel.....			0	0
Capital outlay.....			0	0
Aid.....			0	0
Capital improvements.....			0	0
TOTAL.....			60,000	0

NLCC has 5 online reporting systems that collect excise taxes. These online reporting systems will require revision to accommodate new excise tax rates. There would be no change to where the excise tax is deposited (General Fund). NLCC has confirmed with the vendor who maintains these reporting systems and estimated the cost of required programming. There should be no expenditures for future years after the online reporting systems are updated.